

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 7800-BBB
NATURAL GAS COMPANY, INC.)	

O R D E R

On October 13, 1980, the Commission issued its Order in Case No. 7800 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On June 10, 1987, Mt. Olivet Natural Gas Company, Inc., ("Mt. Olivet") notified the Commission that it received an increase in rates from its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective May 11, 1987, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mt. Olivet's notice of June 10, 1987, set out certain revisions in rates which Mt. Olivet proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$6,665 or 16.92 cents per Mcf. Mt. Olivet applied an incorrect rate on Exhibit B-2 instead of the correct rate of \$3.2608 and an incorrect rate on

Exhibit B-3 instead of the correct rate of \$3.4246. Also, Mt. Olivet incorrectly calculated the increase based on Mcf sales instead of Mcf purchases, in accordance with its purchased gas adjustment clause. In future filings, Mt. Olivet should use the methodology specified in its clause.

(2) Transmission filed revised rates with the Federal Energy Regulatory Commission to be effective May 11, 1987.

(3) A legislative change in KRS Chapter 278, effective July 15, 1986, requires 30 days notice of a change in rates with the Commission having the discretion to shorten the required period to 20 days upon showing of good cause. Reduction in rates will, as always, be made effective with the date of the supplier decrease. Increases in rates will be effective with 20 days notice providing that:

(a) The effective date from the supplier is not more than 20 days in the future, in which case the actual effective date will be used; and,

(b) The company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause for 20 days notice. Mt. Olivet included a request for a showing of good cause for 20 days notice. The effective date will, therefore, be 20 days after Mt. Olivet's notice, or June 30, 1987.

(4) Mt. Olivet's corrected adjustments in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 7800 dated October 13, 1980, are fair, just,

and reasonable and in the public interest and should be effective with gas supplied on and after June 30, 1987.

IT IS THEREFORE ORDERED that:

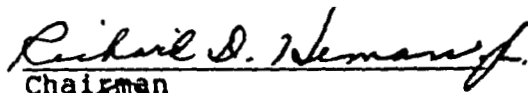
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after June 30, 1987.

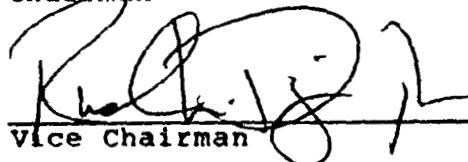
(2) Within 30 days of the date of this Order Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) In future filings, Mt. Olivet shall calculate its change in rates based on Mcf purchases instead of sales.

Done at Frankfort, Kentucky, this 23rd day of June, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 7800-BBB DATED June 23, 1987.

The following rates are prescribed for the customers served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Rates: Monthly

First	1,000 cu. ft. or less	\$6.48	(Minimum Bill)
Next	4,000 cu. ft. per 1,000 cu. ft.	4.7296	
Next	5,000 cu. ft. per 1,000 cu. ft.	4.5296	
Next	10,000 cu. ft. per 1,000 cu. ft.	4.3796	
Over	20,000 cu. ft. per 1,000 cu. ft.	4.1796	

The base rate for the future application of the purchased gas adjustment clause of Mt. Olivet Natural Gas Company, Inc., shall be:

Demand Commodity

Columbia Gas Transmission Corporation - \$3.4246 per Dth